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EXPLANATION AND JUSTIFICATION

(Note: Bracketed portions only are classified.)

1. Purpose of Proposed Bill

a. The proposed bill permits the Agency to improve its retirement program by authorizing the establishment of a retirement system corresponding to that of the Foreign Service. The Central Intelligence Agency needs to attract and retain a force of highly motivated careerists who are intensively trained in unique skills. However, the Agency is unable in fact to provide full-term careers for many individual officers. In order to minimize the adverse effects of necessary programs of managed attrition and to preserve its ability to recruit and retain the high caliber personnel it needs, the Agency must make reasonable provision for the future of those individuals who must be separated before completing a full-term career of thirty or so years. Therefore, Section 3 of the proposed bill adds a new paragraph (g) to Section 5 of the Central Intelligence Agency Act of 1949, as amended, authorizing the Director of Central Intelligence to exercise the authority available to the Secretary of State under the Foreign Service Act of 1946, as amended, in order to establish a retirement and disability system corresponding to that available to Foreign Service Officers for a limited number of Agency employees.

b. Since all provisions pertaining to the retirement of Foreign Service Officers are not contained in a single Title of the Foreign Service Act and since it is possible that future amendments relating to retirement may occur elsewhere than in Title VIII, which is entitled "The Foreign Service Retirement and Disability System," it is necessary to make general provision for the Director of Central Intelligence to adopt provisions of law applicable to Foreign Service Officers for Agency employees. Additionally, most of the basic travel allowances and overseas benefits available to Foreign Service personnel are authorized for Agency employees by existing Section 4 of the Central Intelligence Agency Act of 1949, as amended. However, amendments to the Foreign Service Act over the years have of necessity required the Agency to seek legislation periodically in order to keep such authorities up to date and uniform with those available to Foreign Service personnel. Consequently, it is now proposed that the existing Section 4 of the Central Intelligence Agency Act be rescinded by Section 2 of the proposed bill. In lieu of the rescinded authorities, the new Section 4 of the Central Intelligence Agency Act authorizes the Director to adopt and apply to Agency employees provisions of law applicable to Foreign Service personnel and to exercise with respect to Agency employees the authority available to the Secretary of State for the purpose of having Agency employees accorded appropriate benefits, rights, and allowances now authorized for Foreign Service Officers.

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2. Problem

All regular employees of the Central Intelligence Agency are at present covered by the provisions of the Civil Service Retirement Act. Such coverage is appropriate for those whose conditions, obligations, and terms of service are comparable to those of federal employees generally. However, the Agency has a serious problem in its need to make more adequate provision for certain of its employees who should be retired at an earlier age and with a more equitable annuity than can be provided under the Civil Service Retirement Act. This need stems from the fact that the Agency cannot provide to or expect from many individuals in its service a full-term working career of thirty or so years.

3. Background

a. The conditions underlying this situation are complex. For some years, the Agency has recognized that it faces a serious dilemma. On the one hand, the nature of its mission requires the employment of people who are highly motivated and who develop unique and specialized abilities through their continuing training and service over the years. Moreover, the nature of the Agency's mission requires that a substantial proportion of its personnel accept, as do members of the military services and the Foreign Service, the obligation to serve anywhere in the world at the Agency's direction---not at their own will---and to be available for duty on a 24-hour-a-day basis. In sum, the employment of people to serve on a career basis is essential to fill the majority of the Agency's requirements for personnel. On the other hand, factors directly related to the nature and conditions of service in the intelligence field and factors affecting the ability and desire of individuals to remain in such work on a long-term basis make it infeasible to provide full-term employment for all careerists.

b. The nature of the work involved in the Agency's operations requires people who have a high degree of vigor, vitality, endurance, resilience, and adaptability. Such traits are required to cope with the stresses and strains occasioned by uneven and uncertain hours and days of work, duty in unhealthy locations with less than adequate medical facilities, or arduous, and not infrequently hazardous, assignments. [For example, the responsibility of the Agency for covert cold war functions and continuance of counter-insurgency activities requires the Agency to employ numbers of individuals whose skills are not necessarily adaptable to full-term careers.]

c. [There is a further requirement that officers serving overseas must normally perform their work under the cover of employment with some other organization, a requirement which limits their long-term utility. The usefulness of an officer is seriously impaired if not destroyed if his true employment affiliation is revealed. However, the longer he serves under cover, and particularly if his cover must be changed in the course of moves from one post to another, the greater becomes the risk that his true affiliation will be inadvertently revealed to or inferred by hostile parties.]

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Finally, since most positions in cover organizations which can be made available for the Agency's use are those which would normally be manned by junior personnel of the host organization, it is difficult to find appropriate cover for any substantial number of officers of middle-age or over.

d.] There are other factors pertaining to the individuals themselves which, over the years, limit their ability and desire to continue in overseas service. First, there is "motivational exhaustion." This term is used to describe a gradual lessening of interest and enthusiasm of an officer as a result of impingements on his personal and family life. These stem from the transient nature of his assignments, the complications and restrictions of security requirements, and intrusions on his family life [occasioned by the requirement that he spend his apparent "leisure time" in performing additional Agency duties after completing his cover workday]. Further, while all Agency employees are subject to security restrictions which place severe limitations on their personal freedoms, employees serving abroad are subject to even greater restrictions [and, in addition, must conduct their personal affairs in a manner consistent with their cover employment]. These factors tend to lessen the enthusiasm and willingness of the family to accompany the officer on further assignments overseas. Lastly, our experience has shown that many employees or members of their families will in time incur physical impediments which limit or preclude further assignment overseas.

e. The dynamic nature of intelligence produces sudden and sometimes radical shifts in the types of personnel required. Completion of a mission of a temporary nature or a shift in emphasis or direction of operations may result in an overabundance of officers who are skilled in a relatively narrow field. Their primary qualifications thus become obsolete or unneeded and they become "occupationally surplus."

4. Manpower Control

a. The Agency finds it increasingly necessary to impose manpower controls to ensure appropriate alignment as to age, qualifications, and other characteristics of its employees [engaged in conducting or supporting foreign intelligence operations]. Insofar as possible, imbalances should be and are corrected by the reassignment of officers who cannot or should not continue in such work to other fields of work in the Agency. It is a certainty, nonetheless, that encouraged and induced attrition will be necessary. A program of managed attrition, however, is feasible only if it is linked with a system of retirement benefits which are sufficient to induce an employee or a prospective employee to take the risk that he may be one of those individuals who cannot serve a full-term career.

b. The seriousness of this risk to the individual is greatly augmented by the difficulty which he will encounter in effecting a transfer from intelligence activities to other government or commercial fields. The principal reason for this is that the special skills required for intelligence work are not ordinarily required in other fields. Other reasons are the inability of employees for security reasons to describe or confirm to a prospective

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employer the scope and level of his duties and responsibilities. [Further, there is a reluctance on the part of other employers, both government and private, who are engaged in business overseas to hire a former intelligence officer. This reluctance stems from their concern that the attitudes of foreign officials toward their enterprises might be adversely affected if they were known to employ "former spies."]

c. As part of its manpower control program, the Agency has instituted administrative procedures for identifying employees who become surplus to its needs because of the several factors described above and has recently engaged in an exercise which will result in the separation of approximately 150 such individuals. This process was made the more painful because of the relatively inadequate assistance which the Agency could offer those separated in making occupational transfers or in retiring prematurely. The benefits available were limited to those provided under the discontinued service provisions of the Civil Service Retirement Act and to modest separation compensation payments from the Agency which are related to years of service and salary.

5. Proposed Retirement System

a. In order to minimize the adverse effects of such programs on the Agency's ability to recruit and retain the caliber of personnel needed, and particularly to minimize their effects on the dedicated personnel already in the service of the Agency, better provision must be made for the futures of those individuals who are separated before completing a full-term career. An important means for doing so is to establish a retirement system permitting earlier retirement with a more nearly adequate and equitable annuity than is possible under the civil service retirement system. The Foreign Service system is more suitable for those Agency employees whose careers have involved comparable conditions of service. Appendix A compares the pertinent provisions of the Foreign Service and the civil service retirement systems. This chart is based on a similar chart appearing in the Report of the House Committee on Foreign Affairs in the 2nd session of the 86th Congress. It was prepared at that time in connection with proposed amendments to the Foreign Service Act of 1946, as amended, relating to the retirement system which proposals were subsequently enacted into law.

b. Aside from the additional special requirements applicable to Agency employment, employees who serve overseas are subject to essentially the same conditions of service which were the basis for the development of the Foreign Service retirement system. By adopting a system corresponding to the Foreign Service system, the Agency can take advantage of the considerable study and experience which have gone into its development. [It is pertinent that more than

c. Such a retirement system would not be appropriate for all Agency employees and it is not the Agency's intention in requesting authority to

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APPENDIX A

COMPARISON OF FOREIGN SERVICE RETIREMENT
AND DISABILITY SYSTEM WITH PERTINENT PROVISIONS
OF THE CIVIL SERVICE RETIREMENT SYSTEM

1. "(c) (1) If an annuitant dies and is survived by a wife or
2. husband and by a child or children, in addition to the annuity
3. payable to the surviving wife or husband, there shall be paid to
4. or on behalf of each child an annuity equal to the smallest of:
5. (i) 40 per centum of the annuitant's average basic salary, as
6. determined under paragraph (a) of this section, divided by the
7. number of children; (ii) \$600; or (iii) \$1,800 divided by the
8. number of children.

9. "(2) If an annuitant dies and is not survived by a wife or
10. husband but by a child or children, each surviving child shall be
11. paid an annuity equal to the smallest of: (i) 50 per centum of the
12. annuitant's average basic salary, as determined under paragraph (a)
13. of this section, divided by the number of children; (ii) \$720; or
14. (iii) \$2,160 divided by the number of children.

15. "(d) If a surviving wife or husband dies or the annuity of a
16. child is terminated, the annuities of any remaining children shall
17. be recomputed and paid as though such wife, husband, or child had
18. not survived the participant.

19. "(e) The annuity payable to a child under paragraph (c) or (d)
20. of this section shall begin on the first day of the next month after
21. the participant dies and such annuity or any right thereto shall be
22. terminated upon death, marriage, or attainment of the age of
23. eighteen years, except that, if a child is incapable of self-support
24. by reasons of mental or physical disability, the annuity shall be
25. terminated only when such child dies, marries, or recovers from such
26. disability.

1. "(f) At the time of retirement an unmarried participant may
2. elect to receive a reduced annuity and to provide for an annuity
3. equal to 50 per centum of the reduced annuity payable after his or
4. her death to a beneficiary whose name shall be designated in writing
5. to the Director. The annuity payable to a participant making such
6. election shall be reduced by 10 per centum of an annuity computed
7. as provided in paragraph (a) of this section and by 5 per centum of
8. an annuity so computed for each full five years the person designated
9. is younger than the retiring participant, but such total reduction
10. shall not exceed 40 per centum. No such election of a reduced
11. annuity payable to a beneficiary shall be valid until the participant
12. shall have satisfactorily passed a physical examination as prescribed
13. by the Director. The annuity payable to a beneficiary under the
14. provisions of this paragraph shall begin on the first day of the next
15. month after the participant dies. Upon the death of the surviving
16. beneficiary all payments shall cease and no further annuity payments
17. authorized under this paragraph shall be due or payable.

18. "PART D -- BENEFITS ACCRUING TO CERTAIN PARTICIPANTS

19. "Retirement for Disability or Incapacity --

20. Physical Examination -- Recovery

21. "Sec. 231. (a) Any participant who has five years of service
22. credit toward retirement under the System, excluding military or
23. naval service that is credited in accordance with provisions of
24. section 251 or 252(a)(2), and who becomes totally disabled or
25. incapacitated for useful and efficient service by reason of disease,
26. illness, or injury not due to vicious habits, intemperance, or willful

1. misconduct on his part, shall, upon his own application or upon
2. order of the Director, be retired on an annuity computed as pre-
3. scribed in section 221. If the disabled or incapacitated
4. participant has less than twenty years of service credit toward
5. his retirement under the System at the time he is retired, his
6. annuity shall be computed on the assumption that he has had twenty
7. years of service, but the additional service credit that may accrue
8. to a participant under this provision shall in no case exceed the
9. difference between his age at the time of retirement and the
10. mandatory retirement age applicable to his grade in the Agency.

11. "(b) In each case, the participant shall be given a physical
12. examination by one or more duly qualified physicians or surgeons
13. designated by the Director to conduct examinations, and disability
14. shall be determined by the Director on the basis of the advice of
15. such physicians or surgeons. Unless the disability is permanent,
16. like examinations shall be made annually until the annuitant has
17. reached the statutory mandatory retirement age for his grade in the
18. Agency. If the Director determines, on the basis of the advice of
19. one or more duly qualified physicians or surgeons conducting such
20. examinations that an annuitant has recovered to the extent that he
21. can return to duty, the annuitant may apply for reinstatement or
22. reappointment in the Agency within one year from the date his recovery
23. is determined. Upon application the Director may reinstate any such
24. recovered disability annuitant in the grade in which he was serving
25. at time of retirement, or the Director may, taking into consideration
26. the age, qualifications, and experience of such annuitant, and the

1. present grade of his contemporaries in the Agency, appoint him to
2. a grade higher than the one in which he was serving prior to retire-
3. ment. Payment of the annuity shall continue until a date six months
4. after the date of the examination showing recovery or until the date
5. of reinstatement or reappointment in the Agency, whichever is earlier.
6. Fees for examinations under this provision, together with reasonable
7. traveling and other expenses incurred in order to submit to examina-
8. tion, shall be paid out of the Fund. If the annuitant fails to
9. submit to examination as required under this section, payment of the
10. annuity shall be suspended until continuance of the disability is
11. satisfactorily established.

12. "(c) If a recovered disability annuitant whose annuity is
13. discontinued is for any reason not reinstated or reappointed in the
14. Agency, he shall be considered to have been separated within the
15. meaning of section 234 as of the date he was retired for disability
16. and he shall, after the discontinuance of the disability annuity,
17. be entitled to the benefits of that section or of section 241(a)
18. except that he may elect voluntary retirement in accordance with the
19. provisions of section 233 if he can qualify under its provisions.

20. "(d) No participant shall be entitled to receive an annuity
21. under this Act and compensation for injury or disability to himself
22. under the Federal Employees' Compensation Act of September 7, 1916,
23. as amended, covering the same period of time. This provision shall
24. not bar the right of any claimant to the greater benefit conferred
25. by either Act for any part of the same period of time. Neither this
26. provision nor any provision of the said Act of September 7, 1916, as

1. amended, shall be so construed as to deny the right of any person
2. to receive an annuity under this Act by reason of his own services
3. and to receive concurrently any payment under such Act of
4. September 7, 1916, as amended, by reason of the death of any other
5. person.

6. "(e) Notwithstanding any provision of law to the contrary, the
7. right of any person entitled to an annuity under this Act shall not
8. be affected because such person has received an award of compensation
9. in a lump sum under section 14 of the Federal Employees' Compensation
10. Act of September 7, 1916, as amended, except that where such annuity
11. is payable on account of the same disability for which compensation
12. under such section has been paid, so much of such compensation as has
13. been paid for any period extended beyond the date such annuity becomes
14. effective, as determined by the Secretary of Labor, shall be refunded
15. to the Department of Labor, to be paid into the Federal Employees'
16. Compensation Fund. Before such person shall receive such annuity he
17. shall (1) refund to the Department of Labor the amount representing such
18. computed payments for such extended period, or (2) authorize the
19. deduction of such amount from the annuity payable to him under this
20. Act, which amount shall be transmitted to such Department for reim-
21. bursement to such Fund. Deductions from such annuity may be made from
22. accrued and accruing payments, or may be prorated against and paid
23. from accruing payments in such manner as the Secretary of Labor shall
24. determine, whenever he finds that the financial circumstances of the
25. annuitant are such as to warrant such deferred refunding.

"Death in Service

"Sec. 232. (a) In case a participant dies and no claim for annuity is payable under the provisions of this Act, his contributions to the Fund, with interest at the rates prescribed in sections 241 (a) and 281 (a), shall be paid in the order of precedence shown in section 241 (b).

"(b) If a participant, who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252 (a) (2), dies before separation or retirement from the Agency and is survived by a widow or a dependent widower, as defined in section 204, such widow or dependent widower shall be entitled to an annuity equal to 50 per centum of the annuity computed in accordance with the provisions of paragraph (e) of this section and of section 221 (a). The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

"(c) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252 (a) (2), dies before separation or retirement from the Agency and is survived by a wife or a husband and a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 221(c)(1). The child's annuity shall begin and be terminated in accordance with the provisions

1. of section 221(e). Upon the death of the surviving wife or husband
2. or termination of the annuity of a child, the annuities of any
3. remaining children shall be recomputed and paid as though such wife
4. or husband or child had not survived the participant.

5. "(d) If a participant who has at least five years of service
6. credit toward retirement under the System, excluding military or
7. naval service that is credited in accordance with the provisions of
8. section 251 or 252(a)(2), dies before separation or retirement from
9. the Agency and is not survived by a wife or husband, but by a child
10. or children, each surviving child shall be entitled to an annuity
11. computed in accordance with the provisions of section 221(c)(2).
12. The child's annuity shall begin and terminate in accordance with the
13. provisions of section 221(e). Upon termination of the annuity of a
14. child, the annuities of any remaining children shall be recomputed
15. and paid as though that child had never been entitled to the benefit.

16. "(e) If, at the time of his or her death, the participant had
17. less than twenty years of service credit toward retirement under the
18. System, the annuities payable in accordance with paragraph (b) of
19. this section shall be computed in accordance with the provisions of
20. section 221 on the assumption he or she has had twenty years of
21. service, but the additional service credit that may accrue to a
22. deceased participant under this provision shall in no case exceed
23. the difference between his or her age on the date of death and the
24. mandatory retirement age applicable to his or her grade in the Agency.
25. In all cases arising under paragraphs (b), (c), (d), or (e) of this
26. section, it shall be assumed that the deceased participant was
27. qualified for retirement on the date of his death.

1. "Voluntary Retirement

2. "Sec. 233. Any participant in the System who is at least
3. fifty years of age and has rendered twenty years of service,
4. including service within the meaning of section 253, may on
5. his own application and with the consent of the Director be
6. retired from the Agency and receive benefits in accordance
7. with the provisions of section 221.

8. "Discontinued Service Retirement

9. "Sec. 234. (a) Any participant who separates from the Agency
10. after obtaining at least five years of service credit toward re-
11. tirement under the System, excluding military or naval service
12. that is credited in accordance with the provisions of section
13. 251 or 252 (a)(2), may, upon separation from the Agency or at
14. any time prior to becoming eligible for an annuity, elect to
15. have his contributions to the Fund returned to him in accordance
16. with the provisions of section 241, or (except in cases where
17. the Director determines that separation was based in whole or in
18. part on the ground of disloyalty to the United States) to leave
19. his contributions in the Fund and receive an annuity, computed as
20. prescribed in section 221, commencing at the age of sixty years.

21. "(b) If a participant who has qualified in accordance with
22. the provisions of paragraph (a) of this section to receive a
23. deferred annuity commencing at the age of sixty dies before reach-
24. ing the age of sixty his contributions to the Fund, with interest,
25. shall be paid in accordance with the provisions of sections 241
26. and 281.

1. "(c) The Director may in his discretion retire participants
2. in grade GS-14 and above to promote the efficiency of the Agency
3. and they shall receive retirement benefits in accordance with
4. the provisions of section 221.

5. "(d) The Director may in his discretion retire participants
6. in grade GS-13 and below to promote the efficiency of the Agency
7. and each such officer shall receive--

8. "(1) one-twelfth of a year's salary at his then current salary
9. rate for each year of service and proportionately for a fraction of
10. a year, but not exceeding a total of one year's salary at his then
11. current salary rate, payable without interest, from the Fund, in
12. three equal installments on the 1st day of January following the
13. officer's retirement and on the two anniversaries of this date
14. immediately following: Provided, That in special cases, the
15. Director may in his discretion accelerate or combine the install-
16. ments; and

17. "(2) a refund of the contributions made to the Fund, with
18. interest as provided in section 241 (a), except that in lieu of
19. such refund such officer, if he has at least five years of ser-
20. vice credit toward retirement under the System, excluding military
21. or naval service that is credited in accordance with the provisions
22. of section 251 or 252 (a), may elect to receive retirement bene-
23. fits on reaching the age of sixty in accordance with the provisions
24. of section 221. In the event that an officer who was separated
25. from grade GS-13 or GS-12 and who has elected to receive retire-
26. ment benefits dies before reaching the age of sixty, his death
27. shall be considered a death in service within the meaning

1. of section 232. In the event that an officer who was separated
2. from grade GS-11 or below and who has elected to receive retirement
3. benefits dies before reaching the age of sixty, the total amount of
4. his contributions made to the Fund, with interest as provided in
5. section 241(a), shall be paid in accordance with the provisions
6. of section 241(b).

7. "(e) Notwithstanding the provisions of section 3477 of the
8. Revised Statutes, as amended (31 U.S.C. 203) or the provisions of
9. any other law, an Agency officer who is retired in accordance with
10. the provisions of section 234 (d) shall have the right to assign to
11. any person or corporation the whole or any part of the benefits
12. receivable by him pursuant to paragraph (d) (1) of this section.
13. Any such assignment shall be on a form approved by the Secretary of
14. the Treasury and a copy thereof shall be deposited with the Secretary
15. of the Treasury by the officer executing the assignment.

16. "Mandatory Retirement for Age

17. "Sec. 235. (a) Any participant in the System in grade GS-18 or
18. above, shall upon reaching the age of sixty-five, be retired from
19. the Agency and receive retirement benefits in accordance with the
20. provisions of section 221, but whenever the Director shall determine
21. it to be in the public interest, he may extend such an officer's
22. service for a period not to exceed five years.

23. "(b) Any participant in the System, other than in grade GS-18
24. or above, shall upon reaching the age of sixty, be retired from the
25. Agency and receive retirement benefits in accordance with the provisions
26. of section 221, but whenever the Director shall determine it to be

1. in the public interest, he may extend such an officer's service
2. for a period not to exceed five years.

3. "PART E -- DISPOSITION OF CONTRIBUTIONS AND INTEREST

4. IN EXCESS OF BENEFITS RECEIVED

5. "Sec 241. (a) Whenever a participant becomes separated from
6. the Agency without becoming eligible for an annuity or a deferred
7. annuity in accordance with the provisions of this Act, the total
8. amount of contributions from his salary with interest thereon at
9. 4 per centum per annum, compounded annually as of December 31, and
10. proportionately for the period served during the year of separation
11. including all contributions made during or for such period, except
12. as provided in section 281, shall be returned to him.

13. "(b) In the event that the total contributions of a retired
14. participant, other than voluntary contributions made in accordance
15. with the provisions of section 281, with interest at 4 per centum
16. per annum compounded annually as is provided in paragraph (a) of
17. this section added thereto, exceed the total amount returned to such
18. participant or to an annuitant claiming through him, in the form of
19. annuities, accumulated at the same rate of interest up to the date
20. the annuity payments cease under the terms of the annuity, the excess
21. of the accumulated contributions over the accumulated annuity payments
22. shall be paid in the following order of precedence, upon the establish-
23. ment of a valid claim therefor, and such payment shall be a bar to
24. recovery by any other person:

25. "(1) To the beneficiary or beneficiaries designated by the
26. retired participant in writing to the Director;

1. "(2) If there be no such beneficiary, to the surviving wife
2. or husband of such participant;

3. "(3) If none of the above, to the child or children of such
4. participant, and descendants of deceased children by representation;

5. "(4) If none of the above, to the parents of such participant
6. or the survivor of them;

7. "(5) If none of the above, to the duly appointed executor or
8. administrator of the estate of such participant;

9. "(6) If none of the above, to other next of kin of such
10. participant as may be determined by the Director in his judgment
11. to be legally entitled thereto.

12. "(c) No payment shall be made pursuant to paragraph (b) (6) of
13. this section until after the expiration of thirty days from the
14. death of the retired participant or his surviving annuitant.

15. "PART F -- PERIOD FOR SERVICE FOR ANNUITIES

16. "Computation of Length of Service"

17. "Sec. 251. For the purposes of this title, the period of
18. service of a participant shall be computed from the date he becomes
19. a participant under the provisions of this Act, but all periods of
20. separation from the Agency and so much of any leaves of absence
21. without pay as may exceed six months in the aggregate in any calendar
22. year shall be excluded, except leaves of absence while receiving
23. benefits under the Federal Employees' Compensation Act of
24. September 7, 1916, as amended, and leaves of absence granted
25. participants while performing active and honorable military or
26. naval service in the Army, Navy, Air Force, Marine Corps, or Coast
27. Guard of the United States.

"Prior Service Credit

1. "Prior Service Credit
2. "Sec. 252. (a) A participant may, subject to the provisions
3. of this section, include in his period of service --

4. "(1) civilian service in the executive, judicial, and legislative
5. branches of the Federal Government and in the District of Columbia
6. government, prior to becoming a participant; and

7. "(2) active and honorable military or naval service in the
8. Army, Navy, Marine Corps, Air Force, or Coast Guard of the United
9. States.

10. "(b) A person may obtain prior civilian service credit in
11. accordance with the provisions of paragraph (a) (1) of this section
12. by making a special contribution to the Fund equal to 5 per centum
13. of his basic annual salary for each year of service for which credit
14. is sought prior to November 8, 1960, and at $6\frac{1}{2}$ per centum thereafter
15. with interest compounded annually at 4 per centum per annum to the
16. date of payment. Any such person may, under such conditions as may
17. be determined in each instance by the Director, pay such special
18. contributions in installments.

19. "(c)(1) If an officer or employee under some other Government
20. retirement system, becomes a participant in the System by direct
21. transfer, such officer or employee's total contributions and deposits,
22. including interest accrued thereon, except voluntary contributions,
23. shall be transferred to the Fund effective as of the date such officer
24. or employee becomes a participant in the System. Each such officer
25. or employee shall be deemed to consent to the transfer of such funds
26. and such transfer shall be a complete discharge and acquittance of

1. all claims and demands against the other Government retirement fund
2. on account of service rendered prior to becoming a participant in
3. the System.

4. "(2) No officer or employee, whose contributions are trans-
5. ferred to the Fund in accordance with the provisions of paragraph
6. (c)(1) of this section, shall be required to make contributions in
7. addition to those transferred, for periods of service for which full
8. contributions were made to the other Government retirement fund,
9. nor shall any refund be made to any such officer or employee on
10. account of contributions made during any period to the other Government
11. retirement fund, at a higher rate than that fixed by section 211 of
12. this Act for contributions to the Fund.

13. "(3) No officer or employee, whose contributions are transferred
14. to the Fund in accordance with the provisions of paragraph (c)(1)
15. of this section, shall receive credit for periods of service for which
16. a refund of contributions has been made, or for which no contributions
17. were made to the other Government retirement fund. A participant
18. may, however, obtain credit for such prior service by making a special
19. contribution to the Fund in accordance with the provisions of para-
20. graph (b) of this section.

21. "(d) No participant may obtain prior civilian service credit
22. toward retirement under the System for any period of civilian service
23. on the basis of which he is receiving or will in the future be
24. entitled to receive any annuity under another retirement system
25. covering civilian personnel of the Government.

1. "(e) A participant may obtain prior military or naval service
2. credit in accordance with the provisions of paragraph (a) (2) of
3. this section by applying for it to the Director prior to retirement
4. or separation from the Agency. However, in the case of a participant
5. who is eligible for and receives retired pay on account of military
6. or naval service, the period of service upon which such retired pay
7. is based shall not be included, except that in the case of a
8. participant who is eligible for and receives retired pay on account
9. of a service-connected disability incurred in combat with an enemy
10. of the United States or caused by an instrumentality of war and
11. incurred in line of duty during a period of war (as that term is used
12. in chapter 11 of title 38, United States Code), or is awarded under
13. chapter 67 of title 10 of the United States Code, the period of such
14. military or naval service shall be included. No contributions to
15. the Fund shall be required in connection with military or naval
16. service credited to a participant in accordance with the provisions
17. of paragraph (a) (2) of this section.

18. "Credit for Service at Unhealthful Posts

19. "Sec. 253. The Director may from time to time establish a list
20. of places which by reason of climatic or other extreme conditions
21. are to be classed as unhealthful posts, and each year of duty at
22. such posts inclusive of regular leaves of absence, of participants
23. hereafter retired, shall be counted as one year and a half, and so
24. on in like proportion in reckoning the length of service for the
25. purpose of retirement, fractional months being considered as full
26. months in computing such service. The Director may at any time

1. cancel the designation of any places as unhealthful without affecting
2. any credit which has accrued for service at such posts prior to the
3. date of the cancellation.

4. "Credit for Service While on Military Leave

5. "Sec. 254. Contributions shall not be required covering periods
6. of leave of absence from the Agency granted a participant while
7. performing active military or naval service in the Army, Navy, Air
8. Force, Marine Corps, or Coast Guard of the United States.

9. "PART G -- MONEYS

10. "Estimate of Appropriations Needed

11. "Sec. 261. The Secretary of the Treasury shall prepare the
12. estimates of the annual appropriations required to be made to the
13. Fund, and shall make actuarial valuations of such funds at intervals
14. of five years, or oftener if deemed necessary by him.

15. "Investment of Moneys in the Fund

16. "Sec. 262. The Secretary of the Treasury shall invest from time
17. to time in interest-bearing securities of the United States such
18. portions of the Fund as in his judgment may not be immediately required
19. for the payment of annuities, cash benefits, refunds, and allowances,
20. and the income derived from such investments shall constitute a part
21. of such Fund.

22. "Attachment of Moneys

23. "Sec. 263. None of the moneys mentioned in this title shall
24. be assignable either in law or equity, or be subject to execution,
25. levy, attachment, garnishment, or other legal process, except as
26. provided in section 234 (e).

1. "PART H -- ANNUITANTS RECALLED, REINSTATED OR
2. REAPPOINTED IN THE AGENCY OR REEMPLOYED IN THE
3. GOVERNMENT

4. "Recall

5. "Sec. 271. (a) The Director may recall any annuitant to duty
6. in the Agency whenever he shall determine such recall is in the
7. public interest.

8. "(b) Any annuitant recalled to duty in the Agency or reinstated
9. or reappointed in accordance with the provisions of section 231(b)
10. shall, while so serving, be entitled in lieu of his annuity to the
11. full salary of the grade in which he is serving. During such service,
12. he shall make contributions to the Fund in accordance with the pro-
13. visions of section 211. When he reverts to his retired status, his
14. annuity shall be determined anew in accordance with the provisions
15. of section 221.

16. "Reemployment Compensation

17. "Sec. 272. (a) Notwithstanding any other provision of law,
18. any officer or employee of the Agency, who has retired under this
19. Act, as amended, and is receiving an annuity pursuant thereto, and
20. who is reemployed in the Federal Government service in any appointive
21. position either on a part-time or full-time basis, shall be entitled
22. to receive the salary of the position in which he is serving plus so
23. much of his annuity payable under this Act, as amended, which when
24. combined with such salary does not exceed during any calendar year
25. the basic salary such officer or employee was entitled to receive on
26. the date of his retirement from the Agency. Any such reemployed officer

1. or employee who receives salary during any calendar year in excess of
2. the maximum amount which he may be entitled to receive under this
3. paragraph shall be entitled to such salary in lieu of benefits
4. hereunder.

5. "(b) When any such retired officer or employee of the Agency is
6. reemployed, the employer shall send a notice to the Central
7. Intelligence Agency of such reemployment together with all pertinent
8. information relating thereto, and shall pay directly to such officer
9. or employee the salary of the position in which he is serving.

10. "(c) In the event of any overpayment under this section, such
11. overpayment shall be recovered by withholding the amount involved from
12. the salary payable to such reemployed officer or employee, or from any
13. other moneys, including his annuity, payable in accordance with the
14. provisions of this title.

15. "Reemployment

16. "Sec. 273. Notwithstanding the provisions of title 5, United
17. States Code, section 62, and title 5, United States Code, section
18. 715a, an Agency officer or employee retired under the provisions
19. of this Act shall not, by reason of his retired status, be barred
20. from employment in Federal Government service in any appointive
21. position for which he is qualified. An annuitant so reemployed
22. shall serve at the will of the appointing officer.

23. "PART I -- VOLUNTARY CONTRIBUTIONS

24. "Sec. 281. (a) Any participant may, at his option and under such
25. regulations as may be prescribed by the Director, deposit additional
26. sums in multiples of 1 per centum of his basic salary, but not in
27. excess of 10 per centum of such salary, which amounts together with

1. interest at 3 per centum per annum, compounded annually as of
2. December 31, and proportionately for the period served during the
3. year of his retirement, including all contributions made during or
4. for such period, shall, at the date of his retirement and at his
5. election, be--

6. "(1) returned to him in lump sum; or

7. "(2) used to purchase an additional life annuity; or

8. "(3) used to purchase an additional life annuity for himself
9. and to provide for a cash payment on his death to a beneficiary whose
10. name shall be notified in writing to the Director by the participant;
11. or

12. "(4) used to purchase an additional life annuity for himself
13. and a life annuity commencing on his death payable to a beneficiary
14. whose name shall be notified in writing to the Director by the
15. participant with a guaranteed return to the beneficiary or his legal
16. representative of an amount equal to the cash payment referred to in
17. subparagraph (3) above.

18. "(b) The benefits provided by subparagraphs (2), (3), or (4) of
19. paragraph (a) of this section shall be actuarially equivalent in
20. value to the payment provided for by subparagraph (a) (1) of this
21. section and shall be calculated upon such tables of mortality as may
22. be from time to time prescribed for this purpose by the Secretary of
23. the Treasury.

24. "(c) In case a participant shall become separated from the Agency
25. for any reason except retirement on an annuity, the amount of any
26. additional deposits with interest at 3 per centum per annum, compounded
27. as is provided in paragraph (a) of this section, made by him under the

1. provisions of said paragraph (a) shall be refunded in the manner
2. provided in section 241 for the return of contributions and inter-
3. est in the case of death or separation from the Agency.
4. "(d) Any benefits payable to an officer or to his beneficiary
5. in respect to the additional deposits provided under this section
6. shall be in addition to the benefits otherwise provided under this
7. title."